

Message Text

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ACTION EA-14

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SUBJ: PUBLIC REACTION IN PUBLIC ISLANDS TO PROPOSED FRENCH
NUCLEAR TESTS

1. RECENT ACTIONS GOA AND GONZ TO CONVINCE FRANCE TO ABANDON
NUCLEAR TESTS IN PACIFIC HAVE BEEN GIVEN PROMINENT COVERAGE
IN FIJIAN AND TONGAN PRESS FOR PAST MONTH OR MORE. SINCE
SOUTH PACIFIC FORUM MEETING APIA SUBJECT HAS BEEN GIVEN
FRONT PAGE TREATMENT VIRTUALLY DAILY, OFTEN AS LEAD
HEADLINE STORY.

2. COVERAGE RADIO FIJI HAS BEEN OF EQUAL INTENSITY IN ALL
THREE LANGUAGE PROGRAMS.

3. TENOR HEADLINES AND THEME OF ARTICLES HAS FOCUSED ON
FRENCH DISREGARD HEALTH AND SAFETY ISLAND PEOPLE AND DISDAIN
FOR INTERESTS PACIFIC ISLAND NATIONS.

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RM RECENTLY PUBLISHED AUSTRALIAN REPORT THAT FRENCH
TESTS HAVE CONTAMINATED WIDESPREAD SECTIONS AUSTRALIA GIVEN
PROMINENT COVERAGE.

5. IN PAST WEEK OF THEME OF " DAVID VS GOLIATH" DEVELOPED
IN FIJI TIMES.

6. FIJI TIMES EDITORIAL MAY FIVE SUPPORTS FIJI GOVERNMENT
DECISION SUPPORT GOA AND GONZ MOVES TAKE FRANCE TO WORLD
COURT TO HALT TESTS.

7. TO DATE MEDIA COVERAGE AND PUBLIC REATION HAS BEEN DEVOID
OF EMOTIONALISM OR SENSATIONALISM HOWEVER TOPIC IS SUBJECT
FAR SIDER PUBLIC INTEREST AND KNOWLEDGE THAN USUAL IN FIJI.
THERE IS ALSO VIRTUAL UNANIMITY IN PRESS, GOVERNMENT AND PUBLIC
OPPOSITION TNG THAT WE HAVE IN THE U. S. DELEGATION
MEMBERS OF THE U. S. CONGRESS OF GREAT DISTINCTION. IN HIS REPORT
TO THE CONGRESS LAST WEEK, PRESIDENT NIXON SUGGESTED THAT OUR
LEGISLATORS MAKE SUCH VISITS WITHIN THE HEMISPHERE, AT THE
SAME TIME HE ANNOUNCED HIS OWN INTENTION TO TRAVEL TO LATIN
AMERICA AT LEAST ONCE THIS YEAR.

WE COME TOGETHER AT A TIME WHEN THE INTERNATIONAL
ECONOMY AND THE RELATIONS OF ALL NATIONS ARE UNDERGOING
FUNDAMENTAL CHANGE. THIS CHANGE BRINGS NEW CHALLENGES--
NEW OPPORTUNITIES TO OUR NATIONS, INDIVIDUALLY AND COLLEC-
TIVELY.

IT IS NOW WIDELY RECOGNIZED THAT ECONOMIC RELATION-
SHIPS BETWEEN THE UNITED STATES AND OTHER INDUSTRIAL NATIONS
HAVE UNDERGONE A FUNDAMENTAL TRANSFORMATION-- GREATER THAN
ALMOST ANY NATION WAS WILLING TO ADMIT LESS THAN TWO YEARS
AGO. AFTER WORLD WAR II, THE UNRIVALED ECONOMIC STRENGTH
OF THE UNITED STATES ALLOWED US TO MAKE INTERNATIONAL
ECONOMIC COMMITMENTS WITH LITTLE CONCERN FOR THEIR EFFECT
ON OUR OWN ECONOMY. AT ONE POINT WE WERE ABLE TO PROVIDE
CAPITAL TRANSFERS REPRESENTING AS MUCH AS TWO AND A HALF
PERCENT OF OUR GROSS NATIONAL PRODUCT TO COUNTRIES WHO
NEEDED IT AND COULD USE IT WELL.

NOW, HOWEVER, ECONOMIC STRENGTH AND POWER IS MORE
WIDELY DISTRIBUTED AMONG COUNTRIES AND, VIEWING THE MATTER
IN GLOBAL TERMS, THIS CHANGE HAS BEEN FOR THE BETTER. MANY
INDUSTRIAL NATIONS HAVE PER CAPITA INCOMES APPROACHING THAT
OF THE UNITED STATES. MANY OF THE DEVELOPING COUNTRIES
HAVE BROKEN OUT OF THEIR POVERTY CYCLES AND MADE RAPID
STRIDES IN IMPROVING THEIR STANDARD OF LIVING. THE LESS-
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DEVELOPED WORLD, AND LATIN AMERICAN NATIONS IN PARTICULAR,
ARE NOW CONSCIOUS OF THEIR NEEDS, THEIR OPPORTUNITIES AND THEIR
ABILITY TO PLAY A CENTRAL ROLE IN THE DEVELOPMENT PROCESS.

THE REFORM OF THE INTERNATIONAL ECONOMIC SYSTEM IN WHICH
WE ARE NOW ENGAGED MUST REFLECT THESE CHANGES IN UNDER-

LYING ECONOMIC REALITIES. RATHER THAN RESIST NEEDED CHANGE, WE MUST RE- EXAMINE OUR PRACTICES AND RESHAPE OUR ECONOMIC ROLES AND INSTITUTIONS. OUR AIM SHOULD BE TO ASSURE THAT OUR COMMON INTEREST IN ECONOMIC PROSPERITY AND POLITICAL HARMONY IS SERVED BY CHANGE.

IT IS ESSENTIAL IN THIS PROCESS FOR DEVELOPED AND DEVELOPING NATIONS TO WORK TOGETHER, FOR ECONOMIC REFORM CAN AND WILL BENEFIT ALL OUR NATIONS AND-- MOST IMPORTANTLY-- PROVIDE THE FRAMEWORK IN WHICH THE DEVELOPMENT ASPIRATIONS OF THE LATIN AMERICA PEOPLE CAN BE MOST READILY FULFILLED. THAT IS WHY THE UNITED STATES HAS WELCOMED THE PARTICIPATION OF THE DEVLEOPING COUNTRIES OF LATIN AMERICA AS WELL AS OTHER CONTINENTS IN THE WORK OF THE COMMITTEE OF 20.

TWO MAJOR REALIGNMENTS IN THE RELATIONSHIP OF THE DOLLAR AND THE CURRENCIES OF OTHER NATIONS HAVE TAKEN PLACE. PRESENT RATES NOW REFLECT THE BASIS ECONOMIC REALITIES AND A MAJOR SOURCE OF INSTABILITY IN THE SYSTEM HAS BEEN REMOVED. REALISTIC EXCHANGE RATES BRING DIRECT BENEFITS TO LATIN AMERICA.

MOST LATIN AMERICAN COUNTRIES CHOSE TO FOLLOW THE DOLLAR AT THE TIME OF THE REALIGNMENTS. SINCE LATIN AMERICA IS THE MOST INDUSTRIALIZED OF THE DEVELOPING REGIONS OF THE WORLD, THE REGION'S COMPETITIVE POSITION IN WORLD TRADE HAS BEEN IMPROVED CONSIDERABLY. THE INITIAL FIGURES ON TRADE AND THE INCREASE IN RESERVES SEEMTO INDICATE THAT LATIN AMERICA HAS SEIZED AND PROFITED BY THIS NEW OPPORTUNITY.

THERE ARE OTHER FUNDAMENTAL WAYS IN WHICH DEVELOPMENT IS AND WILL BE AFFECTED BY THE SUCCESS OF REFORM OF THE MONETARY SYSTEM. IT IS CLEARLY DISADVANTAGEOUS, BOTH TO THE DEVELOPING COUNTRIES AND TO THE UNITED STATES, TO HAVE A MONETARY SYSTEM WHICH PREMITS LARGE AND PERSISTENT SURPLUSES OR DEFICITS. LARGE PERSISTENT IMBALANCES LEAD LIMITED OFFICIAL USE
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TO A PROLIFERATION OF CONTROLS ON TRADE AND CAPITAL WHICH SLOW THE GROWTH OF WORLD PRODUCTION AND AFFECT THE FLOW OF DEVELOPMENT CAPITAL. SUCH IMBALANCES ALSO LEAD TO LARGE AND DISRUPTIVE EXCHANGE RATE CHANGES. THE NEW SYSTEM MUST ASSURE THAT BALANCE OF PAYMENTS ADJUSTMENT TAKES PLACE MORE PROMPTLY AND SMOOTHLY AND IN AN OUTWARD LOOKING WAY-- A SYSTEM WHICH PROVIDES FOR ECONOMIC EXPANSION, NOT CONTRACTION.

THERE IS A CERTAIN NOSTALGIA AMONG SOME COUNTRIES FOR THE OLD FIXED- RATE SYSTEM, WHERE PARITIES WERE SUPPOSED TO CHANGE ONLY RARELY, AND DID SO AFTER GREAT PRESSURE HAD BEEN BUILT UP AS AN EXTREME DEFICIT OR SURPLUS DEVELOPED. AS A RESULT, CHANGES TENDED TO BE LARGE AND DISRUPTIVE. THE FEAR EXISTS THAT SOMEHOW MORE FLEXIBLE RATES WILL LEAD TO GREATER

UNCERTAINTY AND INSTABILITY IN THE SYSTEM, WITH ADVERSE EFFECTS
ON INDIVIDUAL COUNTRIES, ESPECIALLY THOSE IN THE PROCESS OF
DEVELOPMENT. I THINK THE EVIDENCE IS HEAVILY ON THE
OTHER SIDE.

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